

Globalization, U.S. Alliance Politics and the Vietnam War: Exploring Transnational Dimensions, 1964-68

MORI Satoru

HOSEI UNIVERSITY

Introduction

The United States, the U.K. and France were tied through two formal alliances--the North Atlantic Treaty and the so-called Manila Treaty of 1954. The protocol attached to the Manila treaty designated South Vietnam as included in its treaty area. These formal arrangements would lead one to believe that the three states were committed to defend South Vietnam from communist insurgency.

However, when the U.S. deepened its intervention in Vietnam, the U.K. and France did not actively support and contribute to the war effort. France's Charles de Gaulle not only criticized U.S. intervention but also argued for the neutralization of Vietnam and American unilateral withdrawal accompanying a prior announcement of a specific deadline. The British government led by Harold Wilson refused to send troops to Vietnam even on a token basis, and between 1966 and 1967 embarked on active mediation efforts for a ceasefire in Vietnam going so far as to pressure the Americans to concede on specific conditions for a major de-escalation in Vietnam. The Lyndon Johnson administration was aiming to settle the conflict by forcing North Vietnam and the National Liberation Front to accept American terms of a settlement through military pressure. Therefore, Franco-American and Anglo-American relations became strained during the escalatory phases of the Vietnam War in the mid-1960s.

The obvious question is, why did this kind of rift occur despite the alliance relations and the commitment to defend South Vietnam that were formally shared among the U.S., Britain and France? Previous studies on the Vietnam War have focused on personal relationships between the American president and the British prime minister and the French president, and also domestic public opinion that grew increasingly critical of the war. This traditional approach has its merits in elucidating the most obvious factors that influenced policy decisions of the relevant governments.

However, instead of taking this traditional approach of constructing an international history of transatlantic relations, I would like to advance the argument that focusing on transnational movement of people, goods, money and information--that were more or less consequences of globalization at its very initial

stage--had substantial impacts on France, the U.K. and the U.S.

In other words, Franco-American and Anglo-American rifts appear to form a puzzle when seen through the lens of the traditional approach to alliance politics, but when one jumps sideways to look through another lens of non-traditional approach that focuses on transnational relations that were remnants of the British and French empires, explanations for British and French opposition to the war become richer by gaining a more structural context. I believe bringing in globalization is likely to enhance our appreciation of the structural forces that worked behind the processes of diplomacy. I would like to simply define globalization as processes of transnational movement of goods, money, people and information that causes a phenomenon at one location to have significant impact on an event or an actor at another location through either a bilateral or a multilateral path that involves more than two countries.¹ States that establish extensive relations at multiples levels--economic, military, political--are strong promoters of globalization. Empires in the past, formal and informal ones, have helped establish and expand networks or transnational spheres that have come to enable goods, money, people and information to move larger distances in shorter time periods. The 1960s was a period when remnants of British and French post-colonial transnational spheres still persisted, and they came in contact with American transnational sphere that was expanding as a result of the Cold War's geographical extension.

In order to capture some specific manifestations of this very amorphous phenomenon, this paper will focus on three cases in which transnational movement of people, goods, money and information affected Anglo-American and Franco-American relations over the Vietnam War. These cases will show that the politics of U.S. relations with its allies can be affected by the extent to which its allies are globalized as well. The first case will demonstrate that transnational relations between France and Vietnam had an impact on French policy and Franco-American relations, and the second case will show how transnational movement of money influenced British policy on Vietnam and Anglo-American relations. The third case is distinct from the first two in the sense that it will take up a specific case of movement of individual and information. It is a case in which an American journalist who traveled to North Vietnam and obtained information on a secret American peace initiative directly affected the nature of Anglo-American relations over the Vietnam War. The overall aim is to show how transnational spheres created by globalization can have profound impact on alliance politics and foreign policies of individual states.

I. Movement of People and Goods: Franco-South Vietnamese Relations and U.S. Intervention

In the first section, I will very briefly show how the Vietnam War "globalized" South Vietnamese trade pattern, and then illustrate how transnational

movement of goods and people between France and South Vietnam affected Franco-American relations over the Vietnam War.

When one looks at historical trade statistics compiled and published in 2004 by the General Statistics Office of the Vietnamese Government--shown as Chart 1 below--one can easily observe that the Vietnam War had a “globalizing” effect on South Vietnamese trade. The statistics show that countries outside of Southeast Asia such as Japan, West Germany, U.K. and Taiwan as well as U.S. partner states

Table 1 Exports from and Imports to South Vietnam, 1954-1970³ (in percent)

		No. 1		No. 2		No. 3	
1954	Exp	U.S.	25.8	France	20.1	Japan	16.3
	Imp	France	72.0	U.S.	7.8	Indonesia	3.8
1955	Exp	U.S.	25.61	Japan	16.34	Hong Kong	16.34
	Imp	Japan	13.33	U.S.	12.05	Taiwan	3.48
1956	Exp	France	67.25	U.S.	18.86	Cambodia	4.25
	Imp	U.S.	28.05	Japan	25.66	France	23.32
1957	Exp	France	50.82	U.S.	13.77	Japan	4.84
	Imp	France	28.65	U.S.	22.71	Japan	21.39
1958	Exp	France	53.86	Singapore	11.12	Philippines	6.31
	Imp	France	25.33	U.S.	23.62	Japan	19.39
1959	Exp	France	31.66	W.Germany	15.19	U.S.	8.53
	Imp	U.S.	26.04	Japan	21.22	France	18.06
1960	Exp	France	35.76	Hong Kong	8.65	W.Germany	6.76
	Imp	U.S.	25.46	Japan	21.93	France	21.25
1961	Exp	France	36.07	U.K.	11.33	W.Germany	10.07
	Imp	U.S.	26.79	Japan	23.47	France	15.22
1962	Exp	France	36.06	U.K.	15.48	W.Germany	10.66
	Imp	U.S.	36.72	Japan	16.89	France	13.25
1963	Exp	France	24.33	Singapore	10.39	Philippines	9.13
	Imp	U.S.	37.40	Taiwan	13.09	France	10.97
1964	Exp	France	32.04	W.Germany	17.37	U.K.	10.48
	Imp	U.S.	42.41	Taiwan	12.86	Japan	10.78
1965	Exp	France	33.57	W.Germany	15.78	U.K.	12.40
	Imp	U.S.	45.31	Taiwan	13.16	Japan	9.20
1966	Exp	France	38.60	U.K.	15.79	Japan	14.05
	Imp	U.S.	41.16	Japan	15.22	Taiwan	14.44
1967	Exp	France	35.34	Japan	16.91	W.Germany	14.47
	Imp	U.S.	32.38	Japan	27.64	Taiwan	14.96
1968	Exp	France	42.54	Japan	19.19	U.K.	13.71
	Imp	Japan	29.99	U.S.	29.20	Taiwan	9.84
1969	Exp	France	47.80	Japan	17.51	W.Germany	7.44
	Imp	U.S.	38.68	Japan	25.24	Taiwan	7.87
1970	Exp	France	48.25	Japan	12.55	W.Germany	8.30
	Imp	U.S.	46.67	Japan	16.01	Taiwan	7.79

in the region such as Singapore and the Philippines became major trading partners of South Vietnam since the late 1950s. The U.S. became a major source of import for South Vietnam, followed by Japan and West Germany by the late 1960s. This was an obvious consequence of the deepening intervention of the U.S. in Vietnam.

However, the point that I would like to make here is not so much that the War globalized South Vietnamese trade. Rather, I would like to argue that transnational socio-economic space that existed between France and Vietnam continued to exist even after the dissolution of the French empire in this region, and that the penetration of U.S. presence in Vietnam collided with French local interests and became a major source of Franco-American discord over the Vietnam War.

Most narratives of the relationship between France and Vietnam, for obvious reasons, tend to terminate the story in 1954. However, if one looks at the pattern of trade between South Vietnam and France, it becomes evident that economic relations between the two countries persisted long after 1954. France was the largest export destination of South Vietnam throughout the entire period between 1954 and 1970. Even though French trade with South Vietnam sharply dropped in 1954, it made a dramatic comeback just two years later. Indeed, France absorbed nearly 70 percent of South Vietnamese export in 1956. This ratio gradually decreased to a low point in 1963 at 24 percent, but gradually began to increase thereafter. By the end of the 1960s, France was absorbing nearly 50 percent of all South Vietnamese exports. 85 percent of South Vietnam's foreign currency reserves were gained through the export of rubber, but 95 percent of all rubber was produced by 3 French companies.³ For example, the famous tire firm, Michelin, was operating its factories in South Vietnam by 1962.⁴ Movement of goods and transnational economic relations between France and South Vietnam was not negligible.

Speaking in terms of the movement of people, in 1963, 17,500 French were still residing in South Vietnam, and two thirds of them were born in Vietnam. Approximately 11,000 South Vietnamese children, including the children of the ruling Ngo family, were attending French elementary schools and lycée; many young South Vietnamese dreamed of living in Paris, not New York, and indeed, a major Vietnamese community was formed in Paris. South Vietnam's public facilities were partially owned by French citizens, and most hotels, distilleries, tobacco manufacturing companies and rubber plantations in South Vietnam were owned by French nationals as well.⁵ Such was the extent of Franco-South Vietnamese transnational socio-economic space during the 1950s and the 60s.

So how was the American intervention in Vietnam affected by this Franco-South Vietnamese transnational socio-economic space?

My argument is that the persistence of transnational ties between France and Vietnam motivated the French government to advocate neutralization of Vietnam and in effect oppose U.S. intervention in Vietnam, and as a result, U.S. relations with France during the Johnson-de Gaulle era came to ebb. Previous literatures on France's Vietnam policy during the 1960s have focused on French President

Charles de Gaulle's world view and global strategy. For example, Marianna Sullivan and Anne Sa'adah have explained that the French government advocated the neutralization of Vietnam because de Gaulle wanted to demonstrate French autonomy as well as raise its international stature vis-à-vis the U.S. by criticizing American policy in Vietnam.⁶ Maurice Vaisse contends that de Gaulle was sincerely pursuing peace in Vietnam.⁷ Torikata Yuko maintains that de Gaulle's aim for advocating neutralization was to prevent the diversion of U.S. forces in Europe to the Vietnamese theater, and de Gaulle criticized the U.S. in order to gain credibility from East European and Third World states and thereby strengthen his stature as a future potential mediator.⁸

However, if one looks at what was taking place in Saigon and also some documentary evidence, it becomes evident that France was motivated not simply by a world view of its leader. In fact, de Gaulle and the French government even before he came to power were pursuing the same goal--the ejection of foreign influence in its former colony.

French efforts to obstruct U.S. efforts to strengthen Ngo Dinh Diem's political foothold in South Vietnam was apparent ever since he came to power in June 1956. The French not only backed the emperor Bao Dai, but also supported rural militias such as Cao Dai and Hoa Hao as well as a major urban militia called Binh Xuyen, all of which were Diem's political opponents. Binh Xuyen bribed the emperor and literally bought high-ranking posts in the Saigon City Police, and Binh Xuyen's leader, Le Van Vien, was involved in almost all French operations to frustrate Diem's efforts to consolidate power in South Vietnam. In fact, every time when Diem mobilized his forces to crack down on Binh Xuyen, French forces intervened to protect it. Nevertheless, the first phase of French obstructionism came to an end when Diem finally succeeded in crushing Binh Xuyen, disbanded the imperial guard, confiscated the emperor's properties, and demanded the French High Command to leave South Vietnam in January 1956.⁹ However, as I mentioned earlier, transnational economic and social relations continued to exist even after French forces completed their withdrawal in later September 1956.

The French began embarking on a second round of anti-American and anti-Diem initiatives in summer 1963. The French saw an opportunity to drive a wedge in between Diem and the U.S. when there was a growing frustration at Diem's bad governance on the part of the Americans, and a rising war fatigue among the South Vietnamese people. The French ambassador to South Vietnam, Roger Lalouette, approached both Ngo Dinh Diem and his notorious brother, Ngo Dinh Nhu, and suggested to them that they ask the Americans to withdraw all their forces out of South Vietnam and that the Ngo government negotiate with the National Liberation Front and also with the North Vietnamese government. Nhu, assisted by the French, eventually started a secret negotiation with the North Vietnamese without informing the U.S. authorities, and when the U.S. embassy found out that the Ngo brothers were about to strike a deal with North Vietnam

behind their back, they decided to give green light to an impending coup d'état. We now know that de Gaulle's famous speech about Vietnam being free from external influence, or neutralization, was delivered on the 29th of August 1963, just around the time when Nhu was talking with the North Vietnamese.¹⁰ These are some of the major actions that the French were taking until 1963. All of them point to French intention to remove foreign presence from Vietnam. Neutralization, after all, is the agreement among external powers not to interfere in the domestic affairs of a particular country and allow it to decide on its political future on the basis of self-determination. The French knew that, given the strong traditional socio-economic ties with Vietnam, if they are able to get the Americans out of Vietnam, they would be able to regain influence in Vietnam.

Did de Gaulle actually think about Vietnam in these terms? There are many records of de Gaulle's memorandum of conversation with foreign leaders, and his public and official remarks indicate that he was trying to convey to the Americans the lesson from the French experience of decolonization. De Gaulle argued in numerous instances that it was not possible to suppress rising nationalism by military force, and therefore it would be wise for the U.S. to unilaterally withdraw and preserve its prestige. However, these public or official statements cannot always be taken at face value. In the course of conducting archival research at the French Foreign Ministry, I found a record of a meeting that took place in mid-December of 1967 at the Élysée Palace between de Gaulle and the French diplomatic representative in Hanoi, François de Quirielle. In this conversation, de Gaulle explained the objective of his Vietnam policy to de Quirielle who probably had the most detailed knowledge of French dealings with both South and North Vietnam: "To end the war and thereby enable France to regain special privileges in both North Vietnam and South Vietnam is what I desire, and what I believe is desirable, and this is my policy."¹¹ It is well known that de Gaulle continuously opposed U.S. policy in Vietnam, and his public criticism reached a high point in his speech at Phnom Penh in September 1966 when he demanded the U.S. to specify a date and embark on unilateral withdrawal from Vietnam.

From de Gaulle's and France's point of view, the U.S. intervention in Vietnam was not simply an ideological crusade by a western superpower that was ignoring the profound forces of rising nationalism. It was about U.S. intrusion into its transnational socio-economic space. Douglas Stuart and William Tow, in their study of NATO out-of-area problems identify five types of disputes that have occurred among NATO allies, and one of them involves "[s]ituations in which one NATO member has seen another member's out-of-area actions as an infringement upon its domaine reserve in the Third World."¹² The Vietnam War was, for the U.S., a military intervention to preserve its credibility as the West's counterinsurgency guarantor of last resort, but for France it was a *domaine réservé* issue.

I do not intend to make excessive generalizations from this particular case, but when we think about alliance cohesion in a globalized world, we should keep

in mind that whenever the U.S. intervenes in regions that are outside the formal treaty area of an alliance and where there are economic, social or political interactions taking place between the target state and U.S. allies, there is a possibility that the U.S. might be trespassing on *domaine réservé* of another ally. If such an event happens, it is likely to bring about strains between that ally and the U.S. The present case of the Vietnam War occurred during the latter 1960s, and this was an era in which remnants of the colonial past were still persisting, and therefore a *domaine réservé* issue was likely to arise between the U.S. and a single stakeholder state. However, in the modern globalized world, there might be several stakeholder states involved in a target state of a U.S. intervention. In such cases, out-of-area disputes could cause several U.S. allies to oppose U.S. intervention, and bring about a crisis of alliance cohesion. So, in sum, when we inquire into U.S. relations with its allies over an out-of-area intervention, we should certainly look at variables and factors that exist between the dyad, but we should also check for non-dyad factors such as the existence or non-existence of transnational socio-economic or political space between the target state and U.S. allies, and inquire into the possibility of U.S. infringement of other countries' transnational space.

II. Movement of Money: Sterling, the Dollar and Anglo-American Relations

In the second section, I will first describe how transnational movement of money affected the Labor government led by Prime Minister Harold Wilson and consequently Anglo-American relations over the Vietnam War, and then explain how financial dynamics played a significant role in shaping the decision on March 31st, 1968, by the U.S. President Lyndon Johnson to declare that he will partially halt the bombing of North Vietnam unconditionally and seek a negotiated settlement with North Vietnam.

A. British Balance-of-Payments, East of Suez, and the Anglo-American Rift

When the Wilson government was formed in October 1964, the British balance-of-payments deficit amounted to 745 million pounds, and a large portion of this deficit was due to expenditures by British military forces that were stationed abroad. It is well known that the U.K. still held substantial military presence overseas well after the end of the Second World War. The region covering the Persian Gulf, the Indian Ocean, Southeast Asia and East Asia was referred to as "the East of Suez Area" or "the Indo-Pacific theater," and the U.K. maintained several strategic outposts or port cities such as Aden, Zanzibar, Singapore, and Hong Kong. British forces that were stationed overseas were essentially taking the sterling out of their country, and spending them in various locations around the globe. The vast amount of British balance-of-payments deficit led to growing uncertainty over the future of the sterling and instigated speculation by investors.

The very nature of British global force posture was having a profound impact on British financial stability. Therefore, one of the urgent tasks for the Wilson government was to reduce the level of defense expenditure. The ratio of defense expenditure to GNP was 7.5 percent at that time, so the Wilson government set the target to reduce this down to 5 percent over ten years, and this goal was transmitted to the U.S. government.¹³

However, the reduction of defense expenditure had enormous implications in terms of British foreign and security policies. A series of discussions were held in an Interdepartmental Working Party of Officials that examined the possibility of reducing defense commitments in the East of Suez Area. The final report of this Working Party concluded that the U.K. must ask the United States to take over responsibilities regarding the defense of Malaysia and Singapore, and that if the U.S. requested the deployment of British troops to Vietnam, the British government must not only steadfastly refuse to send troops to Vietnam, but it must also make clear to the U.S. that the choice was between partial reduction of British presence or total withdrawal. The report was adopted by the British Cabinet on November 22nd, 1965; it meant that a decision in principle was made to significantly reduce British military presence in the East of Suez.¹⁴

On the part of the Johnson administration, the prospect of British withdrawal from Singapore and Malaysia during when the U.S. was fighting a major war in Vietnam was unacceptable. There were voices within the administration such as those of U.S. Secretary of Treasury Henry Fowler and Under Secretary of State George Ball who argued that the U.S. should allow the British to withdraw and enable it to resuscitate its economy and finance.¹⁵ However, U.S. Secretary of State Dean Rusk and Secretary of Defense Robert McNamara were adamantly opposed to the idea of British withdrawal from the East of Suez, and their voices prevailed. Rusk and McNamara believed that once the British withdrew from Singapore and Malaysia, the Johnson administration will face severe domestic criticism that the U.S. should not solely bear the burden of defending Southeast Asia, and such criticism would ultimately render administration policy on Vietnam domestically untenable. Therefore, when the British government held a quadrilateral meeting with the U.S., Australia, and New Zealand about the possibility of withdrawal, the latter three vehemently opposed the idea.¹⁶

However, the British were not swerved by American, Australian and New Zealand's opposition. What Wilson thought instead was to create a condition in Southeast Asia that would allow the British government to legitimize its withdrawal from the East of Suez, and this condition was a ceasefire in Vietnam. In other words, my argument is that the decreasing confidence of the sterling and consequent transnational financial speculation by investors on the sterling compelled the Wilson government to make a strategic decision to drastically cut down the defense expenditure which necessitated British withdrawal from the East of Suez, and in order to minimize the rift in Anglo-American relations during the course of implementing this decision, Harold Wilson decided to embark on a

serious effort to bring about a ceasefire in Vietnam.

Existing literatures that have studied the motivations behind the Wilson government's peace initiatives have submitted various interpretations. For example, Austen Morgan and Ben Pimlott, who have written biographies of Harold Wilson, maintain that Wilson's peace initiatives were driven by domestic political motivations and that he was never serious about bringing about peace in Vietnam.¹⁷ John Young who comprehensively analyzes the foreign policy of the Wilson government says that Wilson not only responded to domestic concerns, but he also wanted to raise his international stature.¹⁸ Sylvia Ellis who focused on Wilson's Vietnam peace initiatives raises a number of possible motivations, but concludes that a British sense of obligation to act as the co-chair of the Geneva Conference was probably a profound factor.¹⁹ Mizumoto Yoshihiko points out that there was a serious concern over the possibility that the war in Vietnam would raise racial issues.²⁰

It is true that domestic considerations played a part in Wilson's handling of the Vietnam War. When the U.S. initiated the bombing of North Vietnam in February 1965, the primary concern of Wilson was to assuage domestic criticism towards his government, and avoid a split within the Labor Party which only had an extremely thin margin over the opposition party. Therefore, some of the "peace initiatives" that he pursued such as the sending of a Member of Parliament by the name of Harold Davies on a mission to North Vietnam and proposing a commonwealth peace mission were all set up for domestic and commonwealth consumption.²¹

However, after Wilson made his decision in principle to withdraw from the East of Suez, and especially after the sterling crisis of July 1966, he moved to accelerate this policy. He began by changing his Foreign Secretary from Michael Stewart who had a rather strong pro-U.S. orientation to George Brown who was a staunch supporter of the East of Suez withdrawal and also the British participation in the European Economic Community. Brown pursued Vietnam peace initiatives that went far beyond what was necessary for mitigating domestic pressure to do more on bringing about peace in Vietnam, all of which were authorized by Wilson. Wilson government's Vietnam peace initiatives between summer 1966 and summer 1967 were very active and assertive in the sense that they elicited specific conditions for a ceasefire from Washington, and also involved the Soviets, especially the Soviet Prime Minister Alexei Kosygin. In February 1967, Kosygin visited London, and during the course of his stay, Wilson and Brown engaged in an unusually intensive mediation by formulating specific conditions for a ceasefire that became known as the Phase A/Phase B formula. Wilson went out of his way to even pressure the White House to loosen the conditions for a ceasefire, and succeeded in making the Americans adopt a British version of the Phase A/Phase B formula which they asked Kosygin to transmit it to Hanoi. Wilson's effort at brokering this formula was so assertive that Washington became extremely suspicious of Wilson's intentions and the relation-

ship between Downing Street and the White House became very strained. Given that this entire diplomatic initiative was pursued entirely under the surface and that its success depended on secrecy, it is hard to believe that Wilson's mediation was simply aimed at assuaging domestic public criticism.

The question of why Wilson went out of its way to broker a ceasefire in Vietnam would have to explain why he strained his personal relationship with Lyndon Johnson at a time when the U.K. was so heavily dependent on the U.S. for financial assistance among other things. One cannot entirely exclude explanations given by existing literatures on this subject, but it could be plausibly argued that it was because brokering a ceasefire in Vietnam was necessary to facilitate and legitimize British withdrawal from the East of Suez which was an absolute prerequisite for tackling the balance-of-payments deficit and suppressing speculation on the sterling. A major report by the Defense Review Working Party that became the central basis of the formal decision to withdraw from the East of Suez accurately reflects the thinking of the Wilson government. It essentially stated that since the U.S. official position was that the U.S. itself does not desire to maintain forces in Southeast Asia once peace is assured in Vietnam, if combat in Vietnam were to cease, it would be difficult for the U.S. to refuse British withdrawal from the region.²² In other words, British policy on Vietnam was aimed at bringing about a ceasefire in Vietnam in order to fend off heavy American pressure to obstruct or prevent British withdrawal from Southeast Asia. Such was the strategic thinking of the Wilson government, and this brought about substantial mistrust between Johnson and Wilson. As a result, the U.S. could only obtain superficial British support on its policy in Vietnam, and its secret peace initiatives were significantly affected by an assertive British government determined to bring about a ceasefire.

B. The Dollar Crisis and the Vietnam War

The wave of global financial dynamics affected not only the Wilson government, but also the Johnson administration. As it is well known, under the Bretton Woods system, the U.S. dollar was pegged to gold at 35 dollars an ounce, and the U.S. stood ready to convert dollars into gold on demand from foreign official holders. However, by 1965, U.S. stock of gold reserves had been surpassed by the external dollar liabilities held by foreign monetary authorities. On the other hand, the London gold market was operating on the basis of free market transactions among both monetary authorities and private investors, so when the gold price became higher than the official price of 35 dollars per ounce, private investors anticipated that central banks would exchange their dollar assets for gold and then sell them in London which meant that eventually the dollar price of gold would have to be raised. Therefore, private investors were motivated to purchase gold, and this drove up the price of gold in the London gold market, and the widening U.S. deficit reinforced this tendency even further. In order to tackle the destabilizing situation, the Kennedy administration obtained an agreement from

seven countries to establish a Gold Pool in October 1961. The Gold Pool was essentially used to feed gold into the London gold market so that the official price of 35 dollars per ounce would be maintained. Between 1962 and 1965, the Gold Pool was a net buyer of gold to the tune of 1.3 billion dollars, but between 1966 and 1968, the Pool was a net seller of gold to the tune of 3.7 billion dollars, and global production of gold fell in 1967 for the first time since 1953. In June 1967, the Six-Day War in the Middle East caused a scramble into gold by private investors, and the French left the Gold Pool without a public announcement. The U.S. dollar and the Sterling were used to supplement the gold reserves, but it became increasingly clear that the sterling was losing confidence when the British government devalued the sterling in November 1967.

The British Exchequer announced on November 18 that it will devalue the pound by 14.3 percent to change the rate from 2.80 dollars per pound to 2.40 dollars per pound, and consequently, it was anticipated that the U.S. would eventually change the official price of the gold.²³ As a result, monetary authorities and private investors bought large amounts of gold at the London gold market. According to an article published in the Herald Tribune on November 23, American citizens made up a substantial portion of individuals who were now buying gold in London. Although American officials reaffirmed their commitment not to raise the dollar price of gold, central banks that did not participate in financial arrangements with the U.S. bought gold in London. For example, in December 1967, "identifiable gold purchases in London included those by Malaysia (\$7 million), Iraq (\$36 million), Kuwait (\$52 million), New Zealand (\$30 million), Finland (\$5 million), China (\$33 million), East Germany (\$29 million), and other Eastern European countries (\$5 million)." Transactions were made on a truly global basis. Consequently, American gold stocks fell by nearly 500 million dollars by the first week of December 1967.²⁴

Table 2 Gold Holdings²⁵ (in trillions of dollars)

	1961	1962	1963	1964	1965	1966	1967	1968
France	2.121	2.587	3.175	3.729	4.706	5.238	5.234	4.739
U.K.	2.267	2.581	2.484	2.136	2.265	1.940	1.291	1.474
U.S.	16.947	16.057	15.596	15.471	14.065	13.235	12.065	10.681

The crucial question was whether the U.S., with the help of the Gold Pool, could supply enough gold to the London market to keep the gold price at 35 dollar per ounce. A series of measures to limit the outflow of dollars and improve the U.S. balance-of-payment were announced by the U.S. Department of Treasury on January 18, 1968. These included (a) obligatory limitation on foreign direct investment by U.S. companies, (b) voluntary reduction of credit allowances to foreigners by U.S. banks and other financial institutions, (c) encouragement of travel by foreigners to the U.S. and voluntary deferral of unnecessary overseas travel by U.S. citizens to areas outside the Western Hemisphere, (d) initiation of

negotiations with NATO member states to reduce foreign spending by U.S. forces in Europe, and (e) promotion of trade for the purpose of increasing exports by an amount of 5 hundred million dollars.²⁶ Although the foreign exchange markets responded favorably to this program, and Gold Pool losses decreased dramatically, the series of large scale military attacks launched by the National Liberation Front and the North Vietnamese forces known as the Tet offensive began on January 31, 1968, and “shattered the calm on the London market. Tet made it clear that military expenditures overseas would balloon in 1968. General Earle Wheeler’s ensuing request for 200,000 more men would explode the American payments deficit. Congress showed no sign of passing the tax increase, the domestic gold cover had not been lifted, and the trade and capital accounts weakened despite the 1968 program.”²⁷

As a result, the U.S. lost 179 million dollars worth of gold on March 8th, and the White House was overtaken by a strong sense of crisis. National security adviser Walt Rostow warned the president:

The continuation of gold losses at the pace of recent months is untenable. As a political fact, we cannot go on selling gold indefinitely to speculators and hoarders. However rational such a course may be, there is a growing revulsion against it, here and in Europe... Strong and dramatic international action is required to end the hysteria: a visible mobilization of overwhelming force... Unless we can take convincing international action to this effect very, very soon, we shall have to face a choice among even more difficult and disagreeable alternatives.²⁸

Another 400 million dollars worth of gold was lost on the 14th of the same month, and the Johnson administration finally asked the British authorities to close the London gold market on March 15th. On March 17th, treasury secretaries and heads of central banks of major countries gathered in Washington and announced that the gold market will be separated into two tiers: in the private market the gold price would be determined freely, and in the public market the gold price would be fixed at 35 dollars an ounce by monetary authorities.²⁹

How did these global financial dynamics affect Lyndon Johnson’s decision on Vietnam? After the Tet offensive, Johnson was in fact thinking about regaining the initiative on the ground. However, he was told by the Wise Mens’ Group on March 25th that it was not advisable to increase American troops in Vietnam and that it was necessary to start deescalating the conflict and bring the War to an early end.³⁰ Secretary of Defense Clark Clifford, a former lawyer who had extensive connections with Wall Street also advised Johnson on March 28th that financiers and lawyers in Wall Street no longer supported administration policy on Vietnam, and neither Dean Rusk nor Walt Rostow took issue with Clifford.³¹ During sometime between late in the evening of March 28th and the morning of 29th, Johnson made the decision to embark on a renewed peace initiative seeking a negotiated settlement not through military pressure but through negotiation in

Paris. He confessed in his memoirs that the situation on the ground was a major factor behind this decision, but also stated that financial problems also had an important influence on his decision.³²

These crises of the sterling and the dollar show the extent to which monetary movements were globalized, and global financial dynamics influenced politico-military decisions regarding the Vietnam War. Both the U.S. and the U.K. were in unique positions--they deployed large-scale military forces beyond their territorial borders. One of the major consequences of a global military posture was a global draining of currencies that sustained the gold-dollar conversion system. This very fact constrained strategic options of the Johnson administration and the Wilson government. The necessity of restoring financial and fiscal stability at home played a significant role in shaping the alliance politics between the U.K. and the U.S., and also had a major impact on the conduct of war by the U.S.

III. Movement of Information and People: The Role of the Journalist and Secret Peace Initiatives

In the third section, I will very briefly illustrate how some information obtained by an independent journalist directly affected alliance politics between the U.K. and the U.S. What I would like to do is describe the process of a British peace initiative, and how information revealed by a journalist altered the nature of the relationship between the British and the American government, and enabled the British to gain an upper hand in the mediation in February 1967.

As it was mentioned earlier, on August 12th, 1966, George Brown, deputy leader of the Labor Party and former Minister of Economic Affairs, replaced Michael Stewart as Foreign Secretary. Brown met with Soviet Foreign Minister Andrei Gromyko on 11 October in New York. In response to Brown's inquiry on whether the Soviet government would agree to a conference on the condition that U.S. bombing would be stopped once the conference began, Gromyko replied that the North Vietnamese would not agree to a conference and that everything depended on whether the U.S. could cease the bombing on North Vietnam unconditionally.³³ Despite the fact that Gromyko was somewhat hesitant about the idea of a conference, the Soviets were showing a more positive attitude towards Vietnam than before. Brown also visited Washington in mid-October 1966, and he fought hard in securing Washington's approval for a secret proposal regarding procedures for mutual de-escalation that he would take with him to Moscow in November 1966.³⁴ At the White House, Johnson asked Brown to exercise all his influence to persuade the other side to express what they could do in response to U.S. de-escalation.³⁵ In early November 1966, specific dates were set for Anglo-Soviet talks during the coming months. The British and Soviet governments agreed that Brown visit Moscow from 22 to 24 November 1966 and Kosygin visit London for five days in early February 1967.³⁶

Brown traveled to Moscow in late November and transmitted a memorandum to Kosygin. The memorandum contained a formula for a two-phased mutual de-escalation between the U.S. and North Vietnam called the Phase A/Phase B formula--the formula that he urged the Americans to accept in Washington. Phase A consisted of cessation of U.S. bombing, and Phase B consisted of further US de-escalation and corresponding North Vietnamese de-escalation. Cessation of American bombing in Phase A would stand only on the condition that de-escalatory measures in Phase B were agreed to by the North Vietnamese prior to the implementation of Phase A.³⁷ Brown reported to Wilson that Kosygin had expressed special interest in the British proposal.³⁸ Brown's visit did not produce immediate results, but certainly heightened expectations for progress during Kosygin's visit to London in February of the following year.

However, a major source of contention arose in an unexpected way. Harrison Salisbury of the *New York Times* was allowed by the North Vietnamese government in late December 1966 to visit North Vietnam as the first American journalist.³⁹ It took Salisbury some time before he was able to obtain a visa from the North Vietnamese government. He directly sent letters to the North Vietnamese Prime Minister, but produced no response. Then he decided to travel to several Southeast Asian countries including Hong Kong, Cambodia, Thailand, Laos and Burma. During this trip, Salisbury was received by the North Vietnamese consul in Phnom Penh, and was permitted to file visa applications for himself and his wife. After he returned to New York, through the help of another *New York Times* reporter, Salisbury won an influential supporter--Anne Morrison. She was the widow of Norman Morrison, the American Quaker who had burned himself to death before the Pentagon in protest to the Vietnam War. This story was widely told in North Vietnam, and Morrison had become almost a saint in North Vietnam. Anne Morrison sent a letter to Hanoi supporting Salisbury's possible visit to North Vietnam. Salisbury recalled that when he arrived in Hanoi, he learned of the sanctity in which Morrison's memory was held, and came to feel that it had probably been his best credential in getting his visa. On December 15th, 1966, he was finally notified by Hanoi to pick up a visa at the North Vietnamese Mission in Paris.⁴⁰

Salisbury arrived in Hanoi on December 23rd, 1967, and he succeeded in conducting an interview with the North Vietnamese Prime Minister Pham Van Dong on January 2, 1967. According to Salisbury, during this interview, Pham alluded to "some of the abortive efforts to get peace talks going which had ended, each time, in resumption of hostilities at a higher level." Salisbury's impression was that Pham "may have been referring to some such sequence in the very immediate past."⁴¹ After this meeting, Salisbury met a British diplomat stationed in Hanoi by the name of Corvin, and debriefed him on his interviews with the North Vietnamese Premier.⁴² Salisbury told Corvin his impressions of his talk with Pham, and said that "further exploration" was worth trying by the U.S. It was at this point that the British government discovered that the U.S. had pursued

a secret peace initiative through a different channel behind their backs.

Subsequently, on January 3, 1967, U.S. Secretary of State Dean Rusk revealed to the British Embassy in Washington that the U.S. had in fact been engaged in secret talks--codenamed MARIGOLD--with the North Vietnamese in Saigon and Warsaw using the Poles as their main intermediary, and that he regretted that he was unable to disclose this information to Brown when he visited Washington because the Polish government had demanded complete secrecy.⁴³

British officials were enraged not only by the fact that they had been kept in the dark, but also because they thought that they could have lost their credibility vis-a-vis the Soviets. The Polish intermediary had apparently transmitted the American position on de-escalation inaccurately while Brown was transmitting the correct American position on de-escalation. To the British, it suddenly became clear why the Soviets were somewhat confused by Brown's presentation at Moscow in November 1966. The Soviet leaders either thought the Americans did not confide in the Wilson government, or the Wilson government was completely acting on its own without American approval.⁴⁴ Wilson vehemently protested against the American Ambassador David Bruce, and also sent a letter directly to Johnson on January 12th in which he said that withholding information of this kind touched upon the most fundamental aspect of Anglo-American relations.⁴⁵

U.S. Assistant Secretary of State William Bundy formally apologized to the British Embassy in Washington, and the Johnson administration promised to share all relevant information regarding Vietnam peace initiatives, and also agreed to send Chester Cooper, a White House aide, as a special liaison to London during Soviet Prime Minister Kosygin's visit to London in early February 1967. What had happened was that the information revealed by Harrison Salisbury exposed an American secret peace initiative that contravened the spirit of the bilateral relationship, and as a result, the U.K. protested and was able to obtain American promise that all information regarding peace initiatives would be shared with the British. National security adviser Walt Rostow told President Johnson that the U.S. was not obliged to share classified information regarding Vietnam peace initiatives since the British had never sent even a token force to Vietnam, but he admitted that it was a part of their job to keep the British satisfied.⁴⁶ In an age when journalists cross boundaries and have the ability to obtain information on a transnational basis, maintaining diplomatic secrecy even at the intergovernmental level was becoming increasingly difficult.

It was against this backdrop of worsened Anglo-American relations when SUNFLOWER PLUS--a codename used by U.S. authorities to refer to the secret British mediation undertaken during Kosygin's visit to London--was implemented. Faced with an opportunity to act as an intermediary, Wilson presented the Phase A/Phase B formula once again to Kosygin.⁴⁷ However, a message from national security adviser Walt Rostow to Burke Trend, the British Cabinet Secretary, revealed a revised formula. The original version that Wilson conveyed to Kosygin had been constructed based on messages from Rusk and briefings from Chester

Cooper, the White House aide who liaised with Downing Street. The original version said that the U.S. would order a bombing halt once the North Vietnamese had guaranteed that infiltration from the North to the South “will stop.” However, the revised formula from Rostow said that the U.S. would order a bombing halt once the North Vietnamese had guaranteed that infiltration from the North to the South “has stopped.”⁴⁸ This virtually reversed the order of respective actions by the two sides. The original formula promised that U.S. bombing halt would precede any North Vietnamese action, but the revised formula demanded that the North Vietnamese stop their infiltration before the U.S. ordered the bombing halt. Wilson complained to Johnson on this revision, and Johnson replied that the tense of the verbs did not matter because the North Vietnamese had not responded to the Phase A/Phase B formula ever since Brown’s transmittal to the Soviets in November.⁴⁹ However, Johnson subsequently conceded that he would order an extension of the ongoing bombing halt and stop further force augmentation within several days if Kosygin were to secure a guarantee from the North Vietnamese that they will stop all material and personnel movement to the South.⁵⁰ Despite his pessimism, Kosygin agreed to send this formula to Hanoi, but Hanoi never responded and the resumption of bombings was formally announced by the U.S. on February 13th.⁵¹

Conclusion

The three cases that have been taken up in this paper illustrate how transnational movement of goods, money information and people influenced U.S. alliance politics concerning the Vietnam War. The first case on Franco-American relations was used to show how U.S. intervention in Vietnam was in fact, from a French point of view, an infringement upon its transnational socio-economic space which was a remnant of globalization in the era of empires. The second case on Anglo-American relations was used to show how transnational movement of money that resulted from global military postures of the U.K. and the U.S. had profound impact on their policies on Vietnam as well as on their mutual relationship. The third case on Harrison Salisbury’s penetration into North Vietnam was used to show how global media can tap unusual information resources on a trans-border basis, and produce unintended yet extraordinary impact on interstate relations. All of these cases show how transnational activities and interactions can have profound impact on the conduct of foreign policy.

The major challenge for the diplomatic historian upon constructing a narrative of U.S. foreign policy and diplomacy in the global age is to identify these transnational structures and show how they shaped the decision-making environment, and thereby reveal what kind of impact they brought to bear on specific policies. It seems that this would require a two-pronged approach. The first approach would be to locate historical data and statistics indicating the quality and quantity of transnational activities among the countries that are

involved in a particular subject. The second approach would be to identify diplomatic records or other documentary evidence that indicate policy-makers' discussions of those transnational activities. Obviously, the task of grasping globalization itself is a very tricky task, but in the discipline of international history or diplomatic history, attention needs to be given more to transnational flow of goods, money, people and information of a given time period subjected to analysis. This is a major methodological challenge, but a necessary challenge that needs to be overcome when we inquire into American foreign relations in the global age.

Notes

1. David Held and Anthony McGrew explain that globalization can be understood as a historical process characterized by:
 - a *stretching* of social, political and economic activities across political frontiers so that events, decisions and activities in one region of the world come to have significance for individuals and communities in distant regions of the globe...
 - the intensification, or the growing *magnitude*, of interconnectedness, in almost every sphere of social existence...
 - the *accelerating pace* of transborder interactions and processes as the evolution of worldwide systems of transport and communication increases the rapidity or velocity with which ideas, news, goods, information, capital and technology move around the world...
 - the growing *extensity*, *intensity* and *velocity* of global interactions is associated with a deepening enmeshment of the local and global in so far as local events may come to have profound global consequences, creating a growing collective awareness or consciousness of the world as a shared social space, that is, globality or globalism.

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5. Logevall, *Choosing War*, p. 16.
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12. Douglas Stuart and William Tow, *The Limits of Alliance: NATO Out-of-Area Problems Since 1949*, Johns Hopkins University Press, 1990, pp. 9, 10.
13. Memorandum of Conversation, Doc. #236, *Foreign Relations of the United States, 1964-1968 (FRUS)*, Vol. XII, p. 478.
14. O.P.D. (65) 183, November 22, 1965, CAB 148/28, Public Record Office (PRO), Kew, U.K.
15. Memorandum from Fowler to LBJ, Doc. #262, July 18, 1966, *FRUS 1964-1968*, Vol. XII, p. 541.
16. Telegram 997 from London to State, September 3, 1965, Box 208, No. 6, U.K. Country File, National Security Files (UKCF/NSF), Lyndon B. Johnson Presidential Library, Austin, Texas, U.S. (LBJL).
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43. Telegrams 15 and 16 from Washington to FO, January 3, 1967, PREM 13/1917, PRO.
44. Memo from Palliser to Wilson, January 4, 1967, PREM 13/1917, PRO.
45. Conversation between the Prime Minister and the U.S. Ambassador, January 10, 1967, PREM 13/1917; Telegram 341 from FO to Washington, January 12, 1967, PREM 13/1917, PRO.
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47. Memo from the Prime Minister to the Soviet Prime Minister, February 10, 1967, PREM 13/1918, PRO.
48. Message from Rostow to Trend, February 10, 1967, PREM 13/1918, PRO.
49. Message from the President to the Prime Minister, February 12, 1967, PREM 13/1918, PRO.
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